

Message Text

LIMITED OFFICIAL USE

PAGE 01 STOCKH 05136 091352Z

43

ACTION EUR-12

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-01

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00

FRB-03 INR-07 NSAE-00 USIA-06 XMB-02 OPIC-03 LAB-04

SIL-01 L-03 H-02 PA-01 PRS-01 DOTE-00 /087 W

----- 047362

R 091315Z OCT 75

FM AMEMBASSY STOCKHOLM

TO SECSTATE WASHDC 5892

INFO AMEMBASSY COPENHAGEN

AMEMBASSY HELSINKI

AMEMBASSY OSLO

USMISSION OECD PARIS

LIMITED OFFICIAL USE STOCKHOLM 5136

E.O. 11652: N/A

TAGS: EGEN, PINT, SW

SUBJECT: THE 26TH SOCIAL DEMOCRATIC PARTY CONGRESS:
ECONOMIC ISSUES

REF: STOCKHOLM 5031

1. SUMMARY. SOCIAL DEMOCRATIC PARTY CONGRESS, AS ANTICIPATED, ADOPTED RESOLUTIONS REQUIRING THE PARTY TO TAKE FURTHER STEPS TOWARD SOCIALIZATION OF ECONOMIC ACTIVITIES. AT THE SAME TIME, EFFORTS BY SOME DELEGATES TO PRESCRIBE NATIONALIZATION OF THE PHARMACEUTICAL INDUSTRY AND BANKING WERE HELD OFF. THE VARIOUS RESOLUTIONS TAKEN TOGETHER INDICATE THAT THE SOCIAL DEMOCRATIC GOVERNMENT WILL BE INTRODUCING NEW MEASURES TO MAKE PRIVATE ENTERPRIS E AND BANKING MORE RESPONSIVE TO "PUBLIC NEEDS". END SUMMARY.

2. THE CONSERVATIVE 'SVENSKA DAGBLADET' EDITORIAL OF OCTOBER 6 SAID THE 26TH SOCIAL DEMOCRATIC CONGRESS MIGHT BE LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STOCKH 05136 091352Z

CHARACTERIZED AS "A STEP TO THE LEFT". THIS CONCLUSION IS TOO

STRONG. FOR EXAMPLE, ON THE QUESTION OF NATIONALIZATION OF THE PHARMACEUTICAL INDUSTRY, A LONG-STANDING ISSUE, THE CONGRESS FINALLY ADOPTED THE LANGUAGE "TO BRING TOGETHER UNDER THE CONTROL OF THE GOVERNMENT", RATHER THAN OUTRIGHT NATIONALIZATION, AND INDUSTRY MINISTER RUNE JOHANSSON HAS INDICATED THAT HE WOULD TAKE INITIATIVES TO COORDINATE RESOURCES WITHIN THE SWEDISH PHARMACEUTICAL INDUSTRY. OF INTEREST IS THAT THE PHARMACEUTICAL INDUSTRY'S MANAGEMENT AND WORKERS HAVE OPPOSED NATIONALIZATION OF THEIR INDUSTRY AND A QUESTION HAS ARISEN AS TO WHETHER WORKERS IN A PRIVATE FIRM COULD VETO A GOVERNMENT TAKE-OVER. AT PRESENT THE GOVERNMENT-OWNED PHARMACEUTICAL FIRM, KABI, ACCOUNTS FOR ABOUT 25 PERCENT OF TOTAL OUTPUT OF THE INDUSTRY.

3. ON NATIONALIZATION OF BANKS, THE FINANCE MINISTER GUNNAR STRANG CAME OUT SOLIDLY AGAINST THIS IDEA AND SAID TO DO SO "WOULD REDUCE THE EFFICIENCY OF THE BANKING SYSTEM AND FURTHER, THAT BUREAUCRACY IS NOTHING TO WISH FOR." THE MINISTER DID INDICATE, HOWEVER, THAT THERE WOULD BE GREATER CONTROLS PLACED ON BANKING, INCLUDING INCREASED CONTRIBUTIONS TO PENSION FUNDS, INCREASED AUTHORITY FOR BANK INSPECTORS, AND APPOINTMENT OF GOVERNMENT AND PUBLIC REPRESENTATIVES ON THE BOARD OF MANAGERMENTS OF BANKS. CONTROLS OVER FINANCING COMPANIES WILL ALSO BE INCREASED.

4. ON TRANSNATIONAL COMPANIES, MINISTER WITHOUT PORTFOLIO CARL LIDBOM SAID, WITH RESPECT TO FOREIGN FIRMS WITH SUBSIDIARIES IN SWEDEN, "WE WILL HAVE SPECIAL MEASURES, WITH, FOR INSTANCE, GREATER FOREIGN EXCHANGE CONTROLS AND MANDATORY FRANCHISE PROCEDURES". ALSO, "ALL GOVERNMENTS OUGHT TO HAVE A COMMON INTEREST IN ASSERTING THE AUTHORITY OF THE SOVEREIGN STATE AGAINST THE COMPANIES", AND "ALL GOVERNMENTS SHOULD CREATE THE MINIMUM OF COOPERATION NECESSARY SO THAT NATIONAL DEVELOPMENT PLANS AND LAWS CAN BE RESPECTED." WHAT KIND OF MEASURES WILL BE PROPOSED IN THE PARLIAMENT TO MEET SUCH OBJECTIVES REMAIN TO BE SEEN.

5. ON TRANSPORTATION POLICY, THE COMMUNICATIONS MINISTER BENGT NORLING SAID THAT A NEW BILL WOULD BE INTRODUCED NEXT YEAR AND, WITH RESPECT TO RAILWAYS, SAID THAT THE POLICY OF LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 STOCKH 05136 091352Z

1963 REQUIRING THAT RAILS PAY THEIR WAY PERHAPS SHOULD BE REVISED. HE FELT THAT HAVING CHEAPER RAIL FARES, EVEN IF DEFICITS MUST BE PICKED UP BY THE GOVERNMENT, MIGHT BE IN THE OVERALL INTEREST OF SWEDEN.

6. TAX REFORMS WERE PROMISED BY FINANCE MINISTER GUNNAR STRANG BUT THIS WOULD NOT BE BEFORE 1977, EVEN IF THE NATIONAL TAX COMMITTEE WHICH IS NOW CARRYING OUT ITS STUDY SHOULD EXPEDITE

ITS WORK. IN THE MEANTIME, STRANG PROMISED TO WORK TOWARD ELIMINATING LOOPHOLES IN THE TAX SYSTEM WHICH NOW PERMIT THE WEALTHY TO AVOID TAXES.

7. COMMENT. THE SOCIAL DEMOCRATIC PARTY CONGRESS, IN PRACTICAL TERMS, ACCEPTED RESOLUTIONS WHICH ORIENTED ECONOMIC POLICIES TOWARD MEETING SOCIALIZATION OBJECTIVES BUT NOT THOSE WHICH, IN THE NEAR TERM, WOULD ADVERSELY AFFECT PRIVATE ENTERPRISE AND BANKING. IN THIS REGARD, THE MUCH PUBLICIZED PROPOSAL BY PROFESSOR MEIDNER IN THE LABOR ORGANIZATION (LO) FOR THE EVENTUAL TAKE-OVER OF COMPANIES BY LABOR WAS NOT RAISED IN THE CONGRESS. FOR THE PRESENT, SOCIAL DEMOCRATIC PARTY LEADERS ARE TOO AWARE THAT THE SWEDISH ECONOMY -- NOT TO MENTION THE VARIOUS SOCIAL WELFARE PROGRAMS -- IS DEPENDENT ON THE CONTINUATION OF A HEALTHY PRIVATE ENTERPRISE AND BANKING SYSTEM. IT IS TO BE NOTED THAT THE ADOPTED RESOLUTIONS DO NOT AUTOMATICALLY BECOME TRANSLATED INTO GOVERNMENT PROPOSALS; IT DOES HOWEVER PROVIDE A PARTY PLATFORM FOR THE 1976 ELECTIONS. NEVERTHELESS, NEW MEASURES UNDOUBTEDLY WILL BE INTRODUCED IN THE PARLIAMENT IN THE COMING YEAR WITH THE OBJECTIVE OF MAKING PRIVATE ENTERPRISE AND THE BANKING SYSTEM MORE RESPONSIVE TO "PUBLIC NEEDS". STRAUSZ-HUPE

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PARTY LINE, PARTY MEETINGS, ECONOMIC PROGRAMS
Control Number: n/a
Copy: SINGLE
Draft Date: 09 OCT 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: CunninFX
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STOCKH05136
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750351-0633
From: STOCKHOLM
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19751068/aaaaciza.tel
Line Count: 137
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 STOCKHOLM 5031
Review Action: RELEASED, APPROVED
Review Authority: CunninFX
Review Comment: n/a
Review Content Flags:
Review Date: 12 MAY 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <12 MAY 2003 by CunninFX>; APPROVED <30 SEP 2003 by CunninFX>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: THE 26TH SOCIAL DEMOCRATIC PARTY CONGRESS: ECONOMIC ISSUES
TAGS: EGEN, PINT, SW, SOCIAL DEMOCRATIC PARTY
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006